



**JUNE 3, 2005**

**CIRCULAR NO. 14/05**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

**TAIWAN MARINE POLLUTION CONTROL ACT AND COMPULSORY INSURANCE**

The Marine Pollution Control Act of Taiwan was promulgated by Presidential Order on November 1, 2000. The Act addresses liability for marine oil spills, as well as issues of prevention and response in relation to both marine and land-sourced pollution. The Taiwanese Environmental Protection Administration (EPA) is the competent authority under the Act.

The Act makes a shipowner liable for damage caused by pollution of the sea by a ship, but provides no defenses or limits for such liability. The term "shipowner" is defined to include an owner, lessee, agent or operator of a ship. The law requires a shipowner to provide insurance or a guarantee to cover liability under the Act for tankers over 150 gross tons and all other types of ship over 400 gross tons. The Act also allows claimants to sue the insurer or guarantor directly.

The Enforcement Rules of the Act issued by the EPA on September 2001 gave details of the forms of guarantee that may be provided, but did not expand on the other alternative of liability insurance. Various penalties for pollution are also categorized, including fines and imprisonment.

The geographic jurisdiction of the Act extends as far as Taiwan's Exclusive Economic Zone (EEZ).

On August 5, 2004, the EPA issued a circular giving effect to the compulsory insurance or guarantee provision of the Act. The amounts of liability insurance coverage or guarantee required in accordance with the Act are as follows:

**Tankers over 150 gross tons.**

- tankers between 150 gross tons and 5,000 gross tons: SDR4,510,000.
- tankers above 5,000 gross tons: for each ton in excess of 5,000, an additional SDR 631 per ton, subject to a maximum of SDR89,770,000.

**Other vessels over 400 gross tons or chemical vessels over 150 gross tons:**

- SDR400 per ton, or SDR350,000, whichever is greater.

**Fishing vessels or salvage vessels:**

- SDR200 per gross ton.

These insurance or guarantee requirements will take effect from July 1, 2005.

The International Group has been discussing with the Taiwanese government whether insurance provided by Clubs in the International Group can be used to satisfy the requirements. Although discussions are not yet concluded, it is hoped that the EPA will, for the purposes of the Act, decide to accept as adequate evidence of insurance Certificates of Entry issued by Clubs in the International Group, as is already done in Japan, Australia, India, California and Alaska. The authorities have also indicated that a grace period may be granted in order to allow owners to have ample time to comply with the Act.

Your Managers will continue to monitor developments as they unfold and will provide further guidance in due course.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for  
**THE AMERICAN CLUB**